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CONGRESSWOMAN SHEILA JACKSON LEE OF TEXAS

**H.R. 3581, "THE BUDGET AND ACCOUNTING
TRANSPARENCY ACT OF 2011"**

AMENDMENT 2

"DUPLICATIVE STUDY"

TALKING POINTS

FEBRUARY 06, 2012

My second amendment to this bill adds language to the effect that HR 3581 shall not be enacted until a study is done to determine whether it is duplicative.

- The Budget Committee has held two hearings on the general topic of budget process reform and the recommendations crossed party lines. Former Budget Committee Chairman Jim Nussle, a Republican witness, testified that *“It may not be that the budget process is broken. It may not be, in other words, that tools are broken, but it may be the fact that the tools are not even being used.”*
- Similarly, Dr. Philip Joyce, former Congressional Budget Office (CBO) staff member and a Democratic witness, testified that *“My main message is that most of the tools that you need to solve the budget problems faced by the country are already in your toolbox. If the goal is to deal with the larger fiscal imbalance that faces us, the most*

important thing to do is to make use of them, not search for more tools.”

- Many think that the failures were partly attributable to opaque historical cost accounting that concealed troubled financial assets. Many assert that had regulators required the thrifts to use mark-to-market accounting, the problems would have been less severe.
- The reason we are not following the existing budget rules is that Republicans have shown a lack of political will and an unwillingness to compromise. Until Republicans are willing to support a balanced approach, we will never address the urgent need to put Americans back to work and to put our nation on a path toward long-term fiscal sustainability.
- Unfortunately, the Budget and Accounting Transparency Act of 2012 does nothing to create a single job, to reduce the

deficit by a single penny, or to put the country on a fiscally sustainable path.

- This bill is not yet ready for prime time. It mandates a switch to “fair value” estimates of cost for all government loan and loan guarantee programs, instead of the credit reform estimates that
- have been in use since 1990. Fair value accounting is relatively new and there is not a consensus about the appropriateness of its use among budget professionals.
- I have read and agree with former CBO director Robert D. Reischauer, who wrote a letter strongly opposing the bill’s switch to fair value estimating, the text of which is included below. On the other hand, CBO has begun to provide some fair value estimates as supplemental information in addition to its official cost estimates for some relevant legislation. We believe it is important to hold hearings to examine the

different views of various practitioners and academics before mandating the use of fair value estimates across the government.

Mr. Chairman, although I have strong reservations about the underlying bill, I present my amendment in good-faith and ask that it be made in-order.